

Washington State: Health Care Reform Update

Washington Health Care Authority: Stakeholder Meetings
September 18-21, 2012

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Overview

The Promise of the Affordable Care Act: New Coverage Options

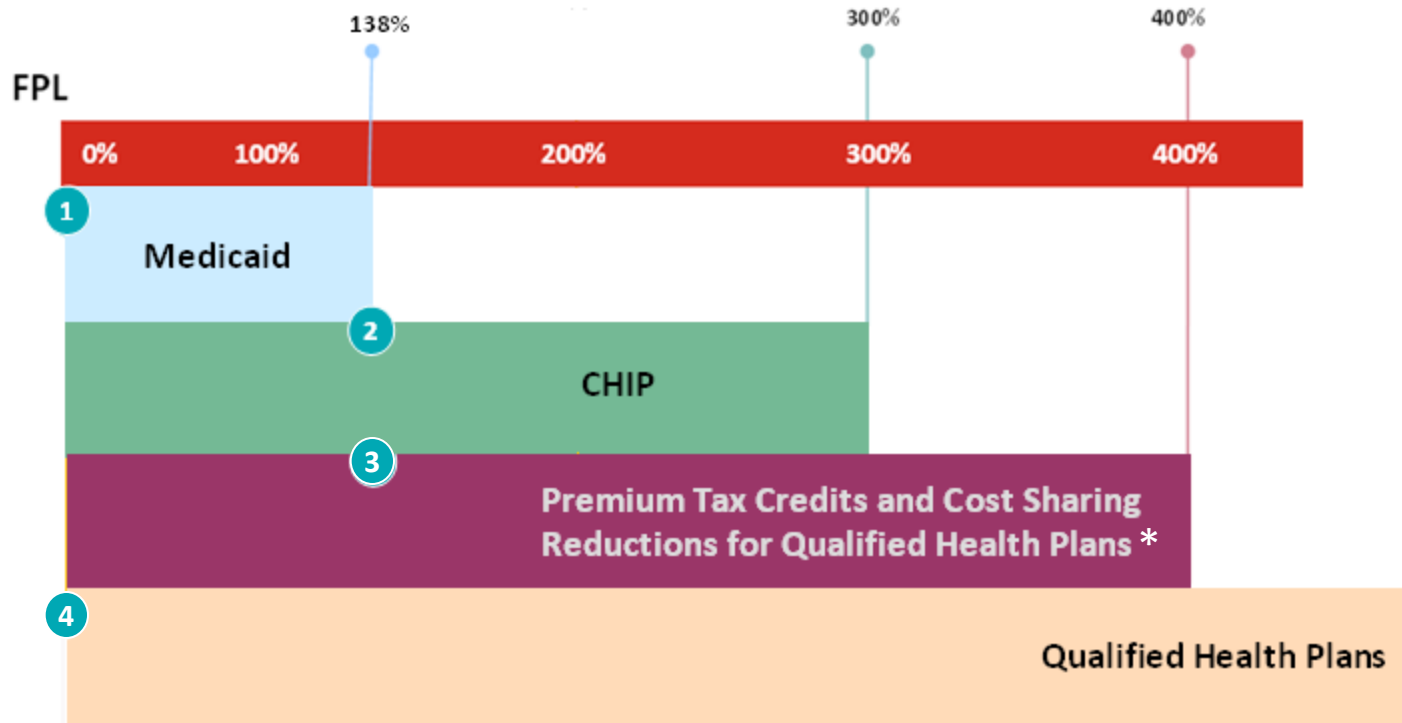
The Promise of the Affordable Care Act: Health Benefit Exchange

Affordable Care Act Implementation: Washington Progress Report

The Road Ahead (October 2012-January 2014)

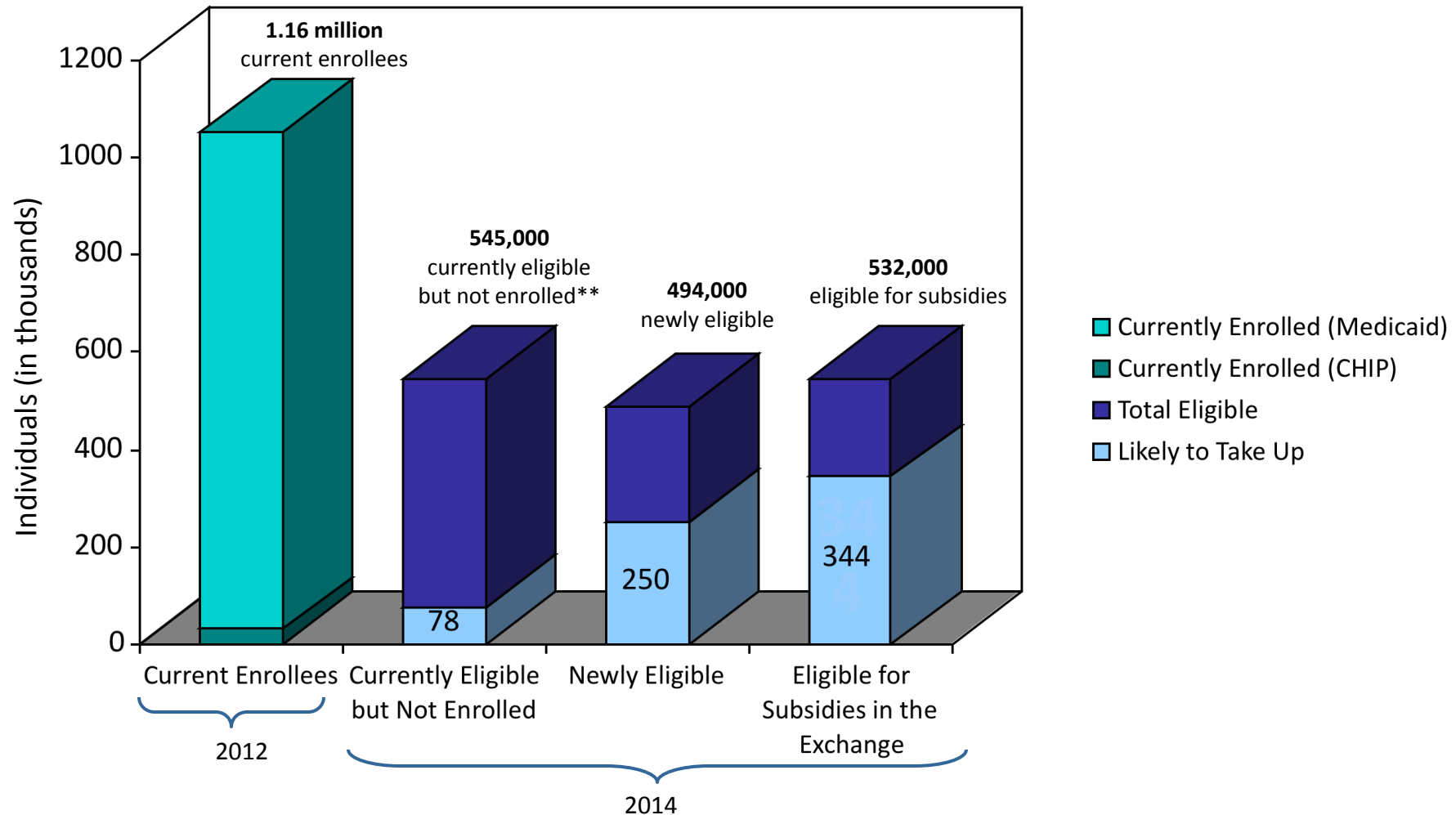
The Promise of the Affordable Care Act: New Coverage Options

Coverage Continuum in 2014



* Federal Basic Health Plan Option for individuals with incomes between 138% and 200% of the FPL will not be available in 2014.

Post Implementation of the Affordable Care Act (ACA): Subsidized Coverage Landscape in Washington



Note: Analysis forecast assumes full take up rate and the ACA was in effect in 2011. **Includes individuals who have access to other coverage (e.g., employer sponsored insurance). Sources: The ACA Medicaid Expansion in Washington, Health Policy Center, Urban Institute (May 2012); The ACA Basic Health Program in Washington State, Health Policy Center, Urban Institute (May 2012); Milliman Market Analysis; and Washington Health Care Authority for Medicaid/CHIP enrollment.

Post Implementation of the ACA: Remaining Uninsured

- Undocumented immigrants
- Individuals exempt from the mandate who choose to not be insured (e.g., because coverage not affordable)
- Individuals subject to the mandate who do not enroll (and are therefore subject to the penalty)
- Individuals who are eligible for Medicaid but do not enroll

The Promise of the Affordable Care Act: New Coverage Options

Medicaid & CHIP

Medicaid/CHIP Coverage Today



- Different populations are covered at different eligibility levels:
 - **Children: 300%** of the Federal Poverty Level (FPL)
 - **Pregnant Women: 185%** of the FPL
 - **Parents: 40%** of the FPL
 - **Aged, Blind and Disabled: 75%** of the FPL
 - **Childless Adults: NO** Medicaid coverage (limited to Transition Bridge waiver)
- In FY 2009-2010, Washington's Medicaid/CHIP program covered **1.05 million** individuals

Medicaid Coverage in 2014

- States have the option to expand Medicaid to 138% of the FPL for adults under age 65 not receiving Medicare*
- In Washington, Medicaid expansion will offer new comprehensive coverage to:
 - **Childless adults** with incomes below 138% of the FPL
 - **Parents** with incomes between ~40% and 138% of the FPL

Washington Will Receive Enhanced Federal Funding for Newly Eligible Adults

- Newly eligible parents and childless adults include:
 - Those who are: (1) under 65 years old; (2) not pregnant; (3) not entitled to Medicare; and (4) not in an existing Medicaid category (e.g. children, pregnant women, aged, blind and disabled)
- Enhanced federal funding for costs of newly eligible:
 - 100% federal funding from 2014-2016
 - Enhanced federal match declines to 90% in 2020 and remains at 90% thereafter

New Adults Receive Medicaid Benchmark

- **The Medicaid Benchmark must:**

- Cover all 10 essential health benefits (EHBs)
- Meet mental health parity
- Cover non-emergency medical transportation
- Cover Early Periodic Screening, Diagnosis and Treatment (EPSDT)

- **The Medicaid Benchmark may:**

- Align with existing Medicaid benefit package
- Differ for different eligibility groups
- Be different for: (1) healthy adults, and (2) medically frail adults

The Promise of the Affordable Care Act: New Coverage Options

CHIP/Medicaid Expansion & Modernization

Fiscal Implications of Expanding Medicaid

- **The cost of covering newly eligible adults with the benchmark package of benefits, considering:**
 - Number of newly eligible who enroll -- no means-tested program ever achieves 100% take-up
 - Per member per year costs of newly eligible -- newly eligibles tend to be lower-risk
 - Fully federally funded from 2014-2016, with federal funding decreasing to 90% of costs in 2020 and remains at 90% thereafter
- **The potential State savings from current Medicaid and state/locally-funded services, and additional State revenues, including:**
 - Current Medicaid populations move to new adult group with enhanced federal match
 - Costs of State-funded programs for the uninsured (e.g. mental health/substance abuse programs) will go down as population gains Medicaid coverage
 - State revenue increases from provider/insurer assessments & general business taxes on new Medicaid revenue
- **The broader economic value of additional health care dollars to the health care system and the State economy, including:**
 - Reduced number of uninsured (increased access to care, fewer medical bankruptcies)
 - Increased revenue for providers
 - Increased employment in the health care sector

Costs of Not Expanding Medicaid



Consumers

Individuals whose incomes are too high for Medicaid but too low for Premium Tax Credits (less than 100% of the FPL) will have no coverage options and no tax subsidies for purchasing health insurance

Providers

Hospitals will face not only the continued costs of providing uncompensated care, but also a reduction in federal disproportionate share hospital (DSH) funding



Employers

Employers will face new coverage obligations for individuals with incomes between 100% and 138% of the FPL; additionally, large employers will face a penalty if full-time employees in this income bracket obtain a premium tax credit through the Exchange



Exchange

Interfacing between State Medicaid programs and the Exchange will become very complex administratively, with many “hand-offs” and eligibility determinations conducted against a patchwork of existing state Medicaid categories with variable income levels



Medicaid Modernization*: Making Coverage Accessible

New Income Counting Rules

- Change from a complicated net income test to modified adjusted gross income (MAGI)
- Alignment across all subsidy programs: Medicaid, CHIP and premium tax credits/cost sharing reductions

One Health Insurance Application Process

- Simple process for everyone, regardless of individuals' income or whether they are eligible for Medicaid, CHIP or premium tax credits/cost sharing reductions

Simplified and Web-Based Enrollment Pathway

- Eliminates paper-driven process
- Verification of applicants' attestation of eligibility using electronic data sources
- Real or near real time eligibility decisions

Administrative Renewal to Keep Individuals Covered and Reduce Churning

- Exchange/Medicaid agency verifies eligibility up-front and sends notice
- Coverage is automatically renewed for another 12 months if all information is correct



- Apple Health for Kids (CHIP) covers ~24,000 children with incomes from 200% to 300% of the FPL
- The ACA maintains CHIP through 2019, with funding guaranteed through September 30, 2015
- If CHIP funding continues beyond 2015, states will receive a 23 percentage point increase to its federal matching rate from 2015-2019
 - For Washington, this means increasing from a 65% to an 88% match

The Promise of the Affordable Care Act: New and Better Coverage Options

Tax Credits, Qualified Health Plans and Private Market Reform

Premium Tax Credits/Cost Sharing Reductions

Individuals up to 400% of the FPL who are ineligible for Medicaid are eligible for premium tax credits and cost sharing reductions, determined by an individual's income levels:

Premium Tax Credits:

Income Level	Premium as Percent of Income
Up to 133% FPL	2% of income
133-150% FPL	3-4% of income
150-200% FPL	4-6.3% of income
200-250% FPL	6.3-8.05% of income
250-300% FPL	8.05-9.5% of income
300-400% FPL	9.5% of income

Cost Sharing Reductions:


Income Level	Reduction in Out-of-Pocket Liability
100-150% FPL	94% of the actuarial value*
150-200% FPL	87% of the actuarial value
200-250% FPL	73% of the actuarial value






Qualified Health Plans

- **Qualified Health Plans (QHPs) will be available to individuals and small employers in the Exchange**

- **The Exchange will:**

- Set standards for QHPs
- Certify participating plans, and
- Rank plans from **bronze to platinum** to indicate what level of coverage the plan offers

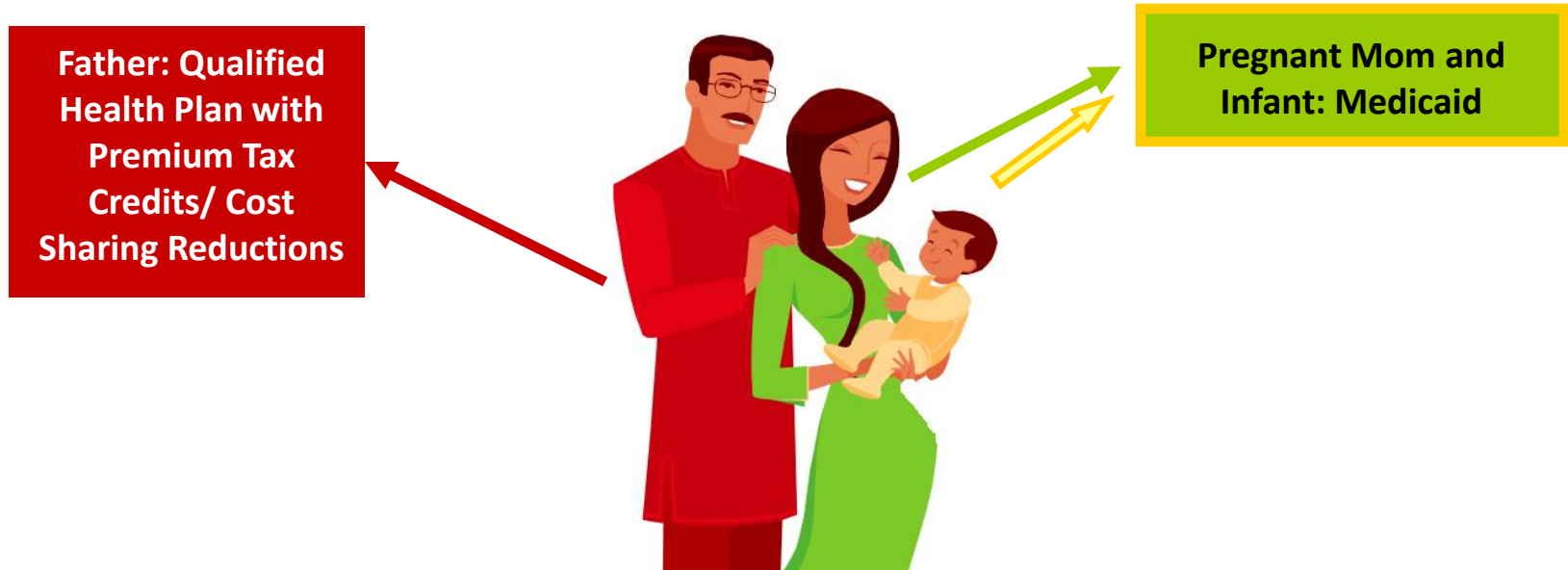


	Bronze – covers 60% of actuarial value of benefits
	Silver – covers 70% of actuarial value of benefits
	Gold – covers 80% of actuarial value of benefits
	Platinum – covers 90% of actuarial value of benefits
	Catastrophic – high-deductible plan for individuals up to age 30 or individuals exempted from the mandate to purchase coverage

- **QHPs must:**

- Provide “Essential Health Benefits” (EHBs)
- Ensure sufficient choice of providers
- Be accountable for performance on clinical quality measures and patient satisfaction
- Implement a quality improvement strategy
- Provide accurate and standardized consumer information
- Be a private health insurance plan

New Issues & Opportunities: Whole Family Coverage



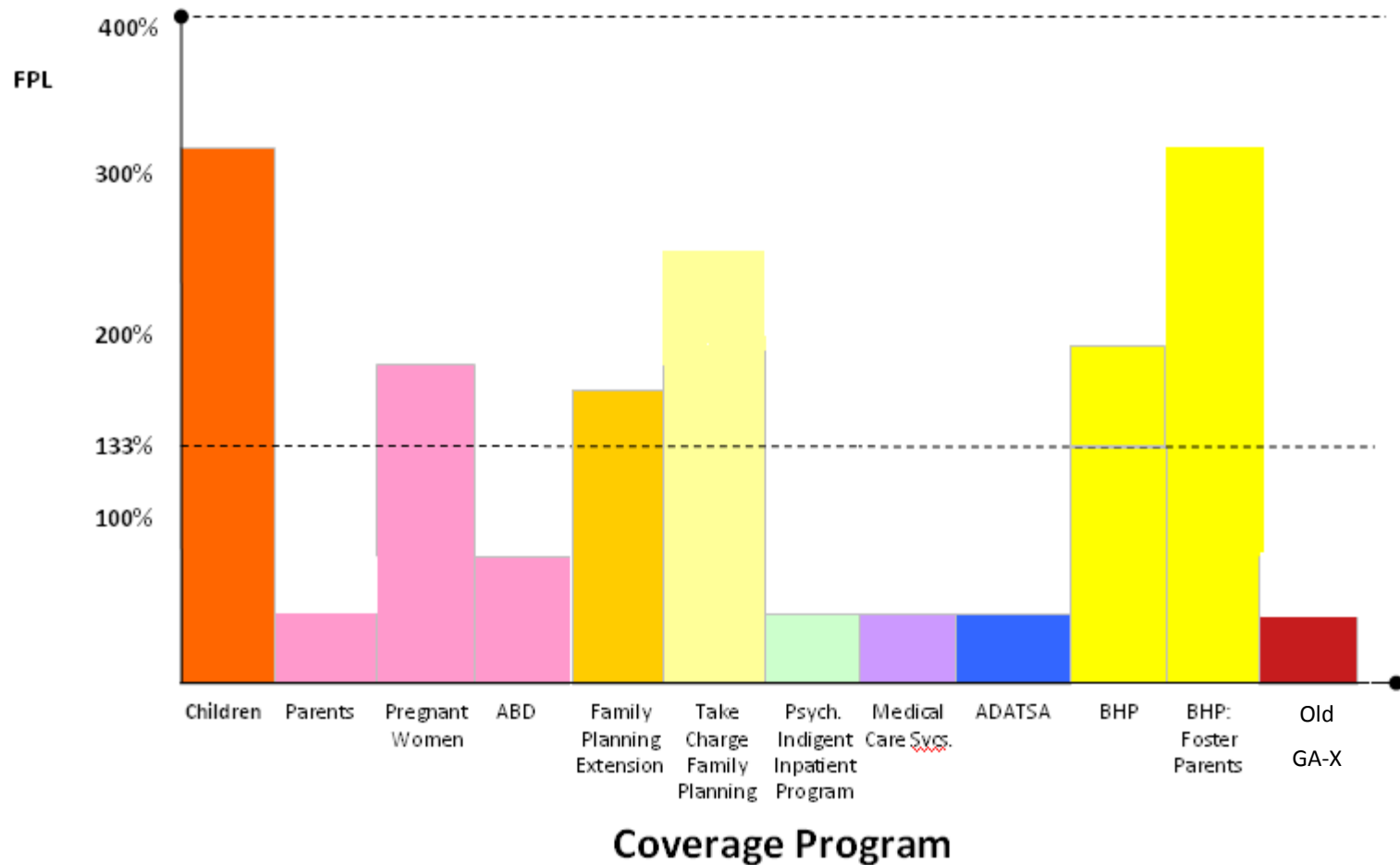
Challenge: rationalizing and simplifying the coverage options for families!

New Issues & Opportunities: Transition of Medicaid and State-Funded Programs

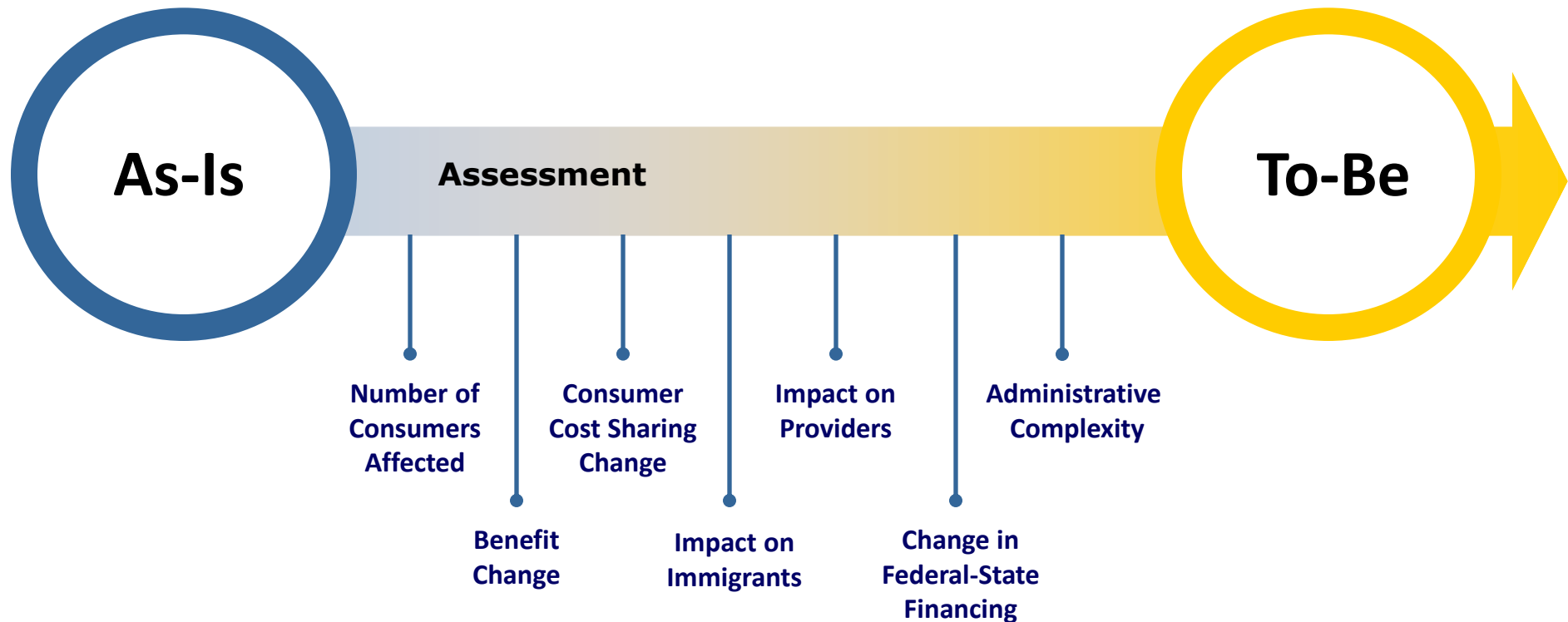
Washington has an opportunity to evaluate existing Medicaid and state-funded programs in light of new coverage options, creating true continuum of coverage.



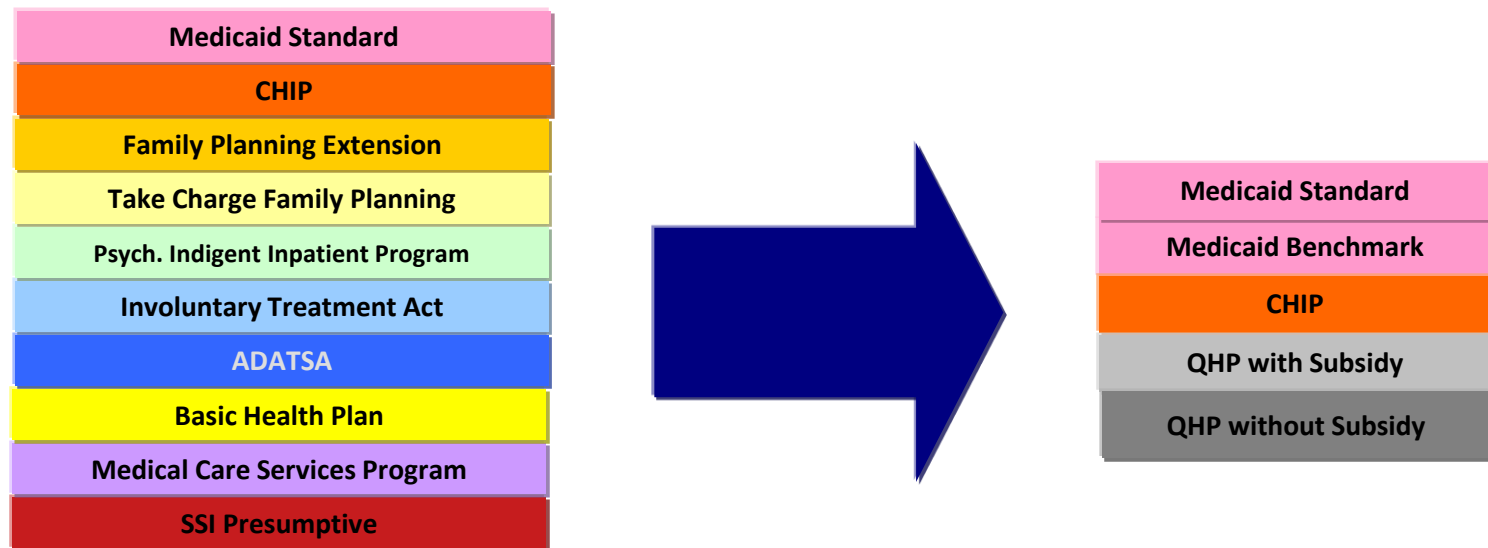
As-Is Landscape: Patchwork of Coverage



Washington Is Evaluating Transition Options



To-Be Landscape: Continuous Coverage



Private Market Reforms



- Elimination of annual/lifetime limits
- Elimination of pre-existing conditions exclusion
- Elimination of rescissions

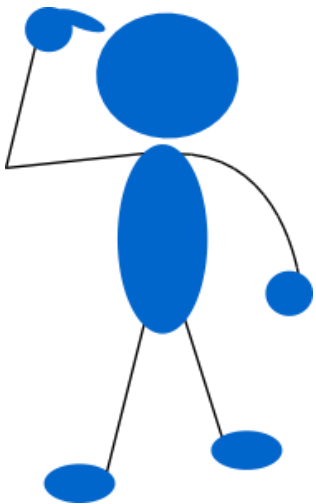


- Expansion of dependent coverage up to age 26
- Coverage of preventive health services with no cost-sharing
- Uniform explanation of coverage documents
- Reporting requirements regarding quality of care
- Process to review unreasonable rate increases by health plans
- New standards related to medical loss ratios and subsequent rebates to plan participants

The Promise of the Affordable Care Act: Health Benefit Exchange

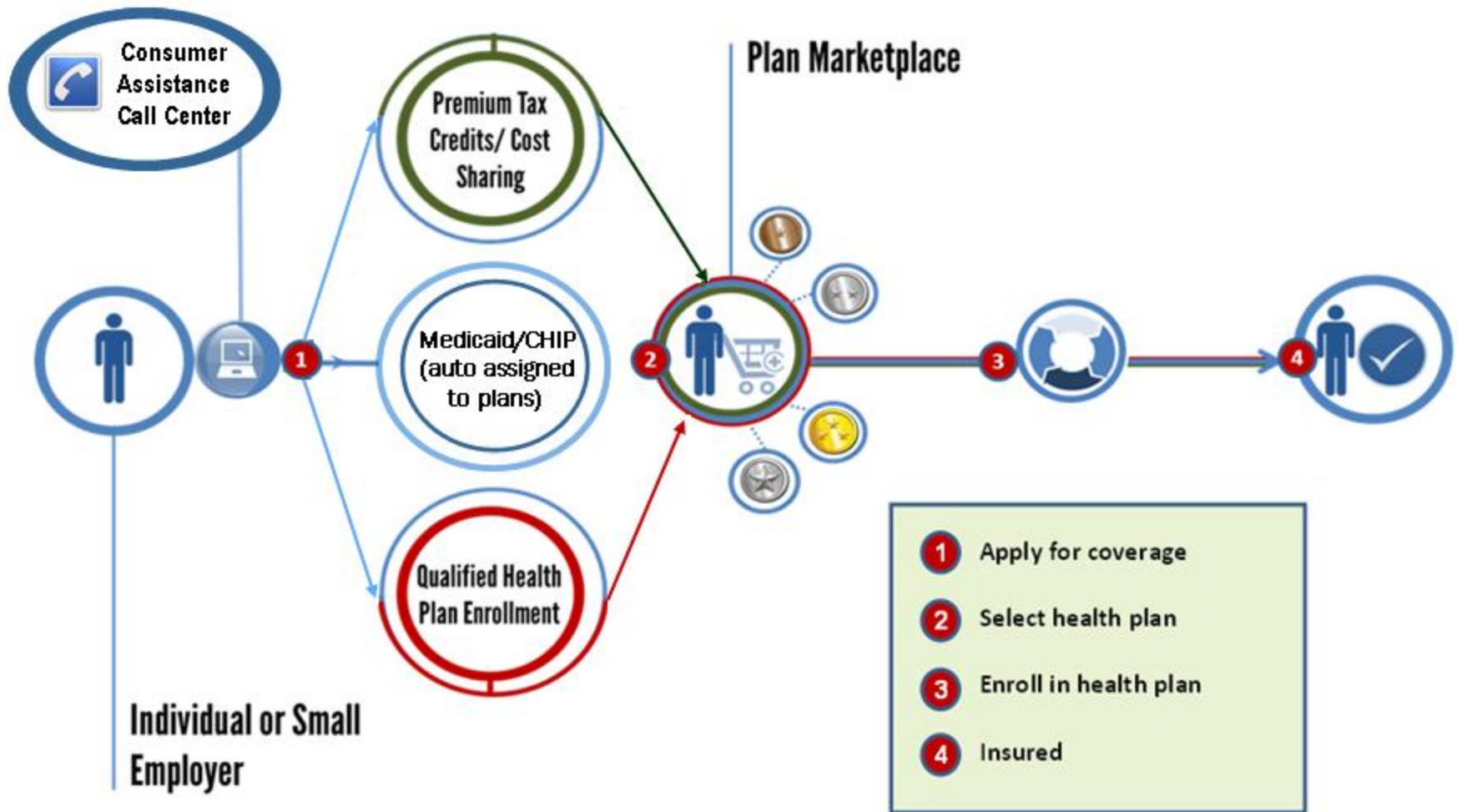
The Exchange: A Doorway to Coverage

Think: Amazon.com or Expedia...
A simple way to shop for health insurance



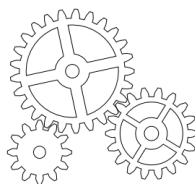
- 1** Find out your eligibility for Qualified Health Plans
- 2** Find out your eligibility for Medicaid, CHIP, and Premium Tax Credits/Cost Sharing Reductions
- 3** Compare your plan options
- 4** Choose a plan and enroll!

The Exchange: One-Stop Shopping for Health Insurance

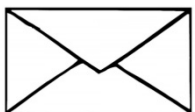


Applying is Easy

**Application
Must Be**



Single and streamlined, for use enrolling into Medicaid, CHIP, premium tax credits/ cost sharing reductions, and qualified health plans



Accepted via: website, phone, mail, in-person, and other common electronic means



Federally approved (if using state-specific form, rather than Federal model)

Affordable Care Act Implementation: Progress Report

Building the Exchange

2011

- HCA receives one-year \$22.9 million grant to design and develop Exchange
- SSB 5445 passed creating Exchange as “public private partnership”
- Governor names Exchange Board members

2012

- Board begins governing authority
- ESSHB 2319 passed
 - Deloitte Consulting, LLP, signs on as system integrator
 - Exchange names first CEO and moves into new building
 - Washington becomes second Level 2 establishment grant recipient, \$128 million
- Exchange moves onto own payroll and accounting systems
- WA HBE applies for certification to operate state based exchange with HHS/CCIIO
- Sustainability plan submitted to Legislature

2013

- Exchange must be certified by HHS
- Additional legislative action taken as needed
- **Open Enrollment begins (October 1)**

2014

- Coverage purchased in the Exchange begins
 - Open enrollment ends (February)

Washington's Exchange: Committees & Workgroups

Board Committees

- Operations
- Policy

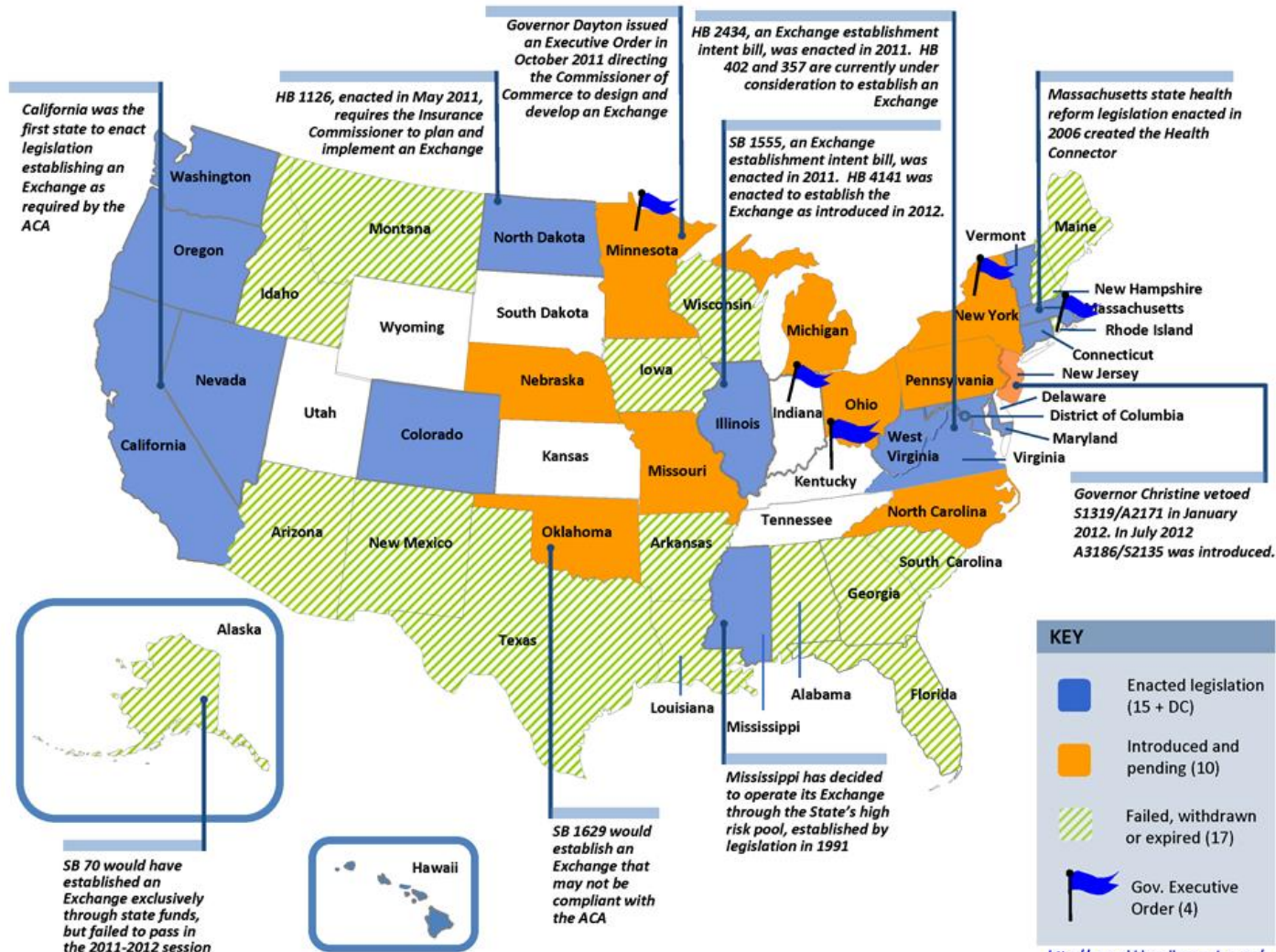
Stakeholder Committees

- Advisory Committee
- Navigator TAC
- Dental Plan TAC
- Role of Agents/Brokers TAC
- Small Business Health Options Program TAC

Workgroups

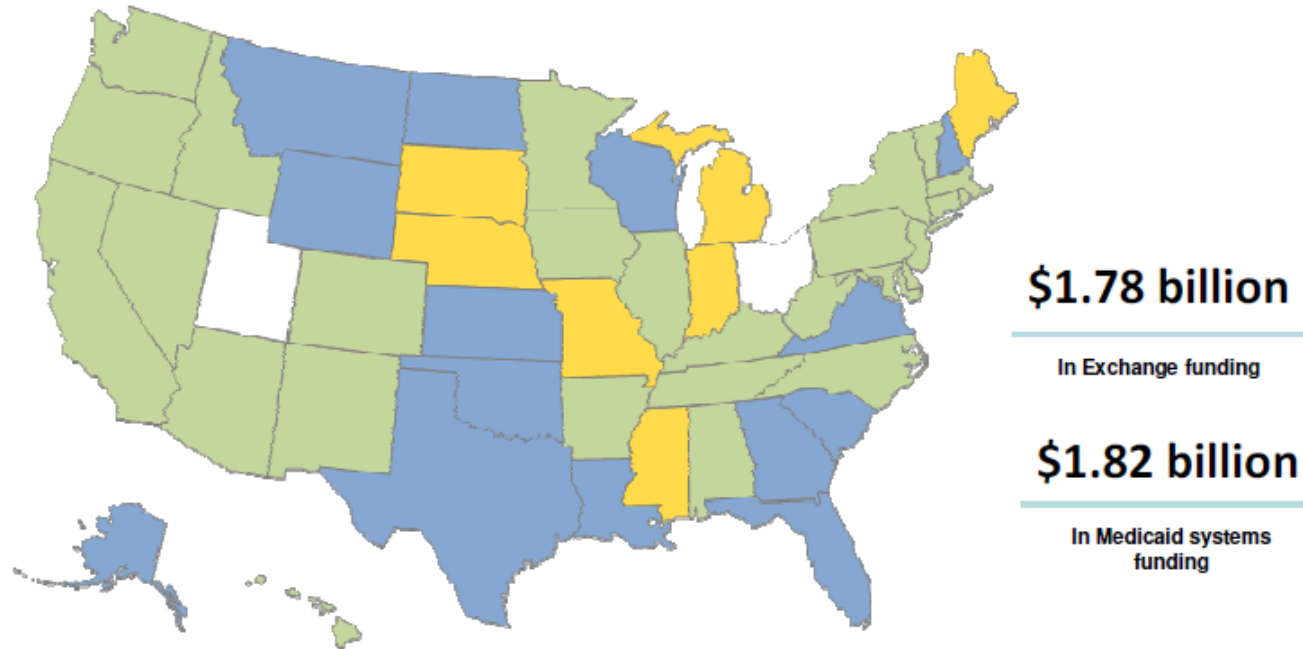
- Plan Management Workgroup
- Consumer Workgroup

Washington is a Leader State: Establishing Exchange



Washington is a Leading State in the Process of Securing \$178 Million for Exchange Establishment & Medicaid Eligibility Systems

48 States and DC Have Applied for Funding and Moved Forward to Implement the ACA



Exchange Funding

States that have been awarded funding for Exchanges only

Medicaid Systems Funding

States that have applied for or been awarded funding for development of ACA-compliant Medicaid eligibility systems

Exchange & Medicaid Systems Funding

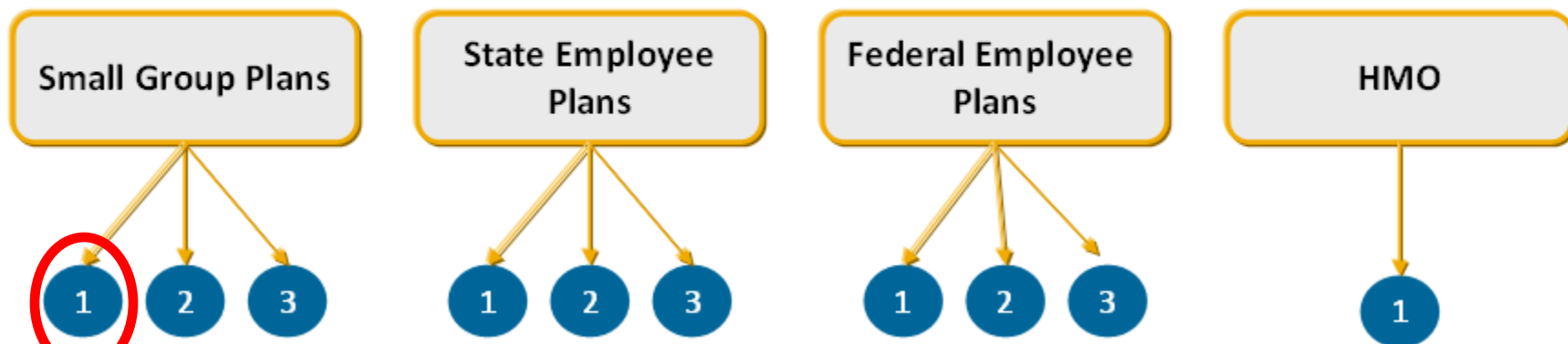
States that have applied for or been awarded funding for both Exchange and development of ACA-compliant Medicaid eligibility systems

* Exchange funding includes Exchange Planning, Establishment and Early Innovator Grants awarded through August 23, 2012 and net of any returns.
* Medicaid systems funding reflects Implementation Advance Planning Documents pending and approved through August 30, 2012.

Source: U.S. Department of Health and Human Services

Washington Selected its EHB Reference Plan

Washington has selected its EHB reference plan, which will apply to both the individual and small group markets, inside and outside of the Exchange



Washington has selected the largest small group plan as their benchmark:

REGENCE INNOVA

Consumer Assistance Will Be Available

To reach the ~800,000 uninsured Washington residents, the State will rely on:



Navigators, Agents and Brokers: will provide help to consumers and small businesses with enrolling into coverage on the Exchange; provide advice to consumers about their enrollment options and premium tax credits; and make referrals of complex cases to Consumer Assistance Programs



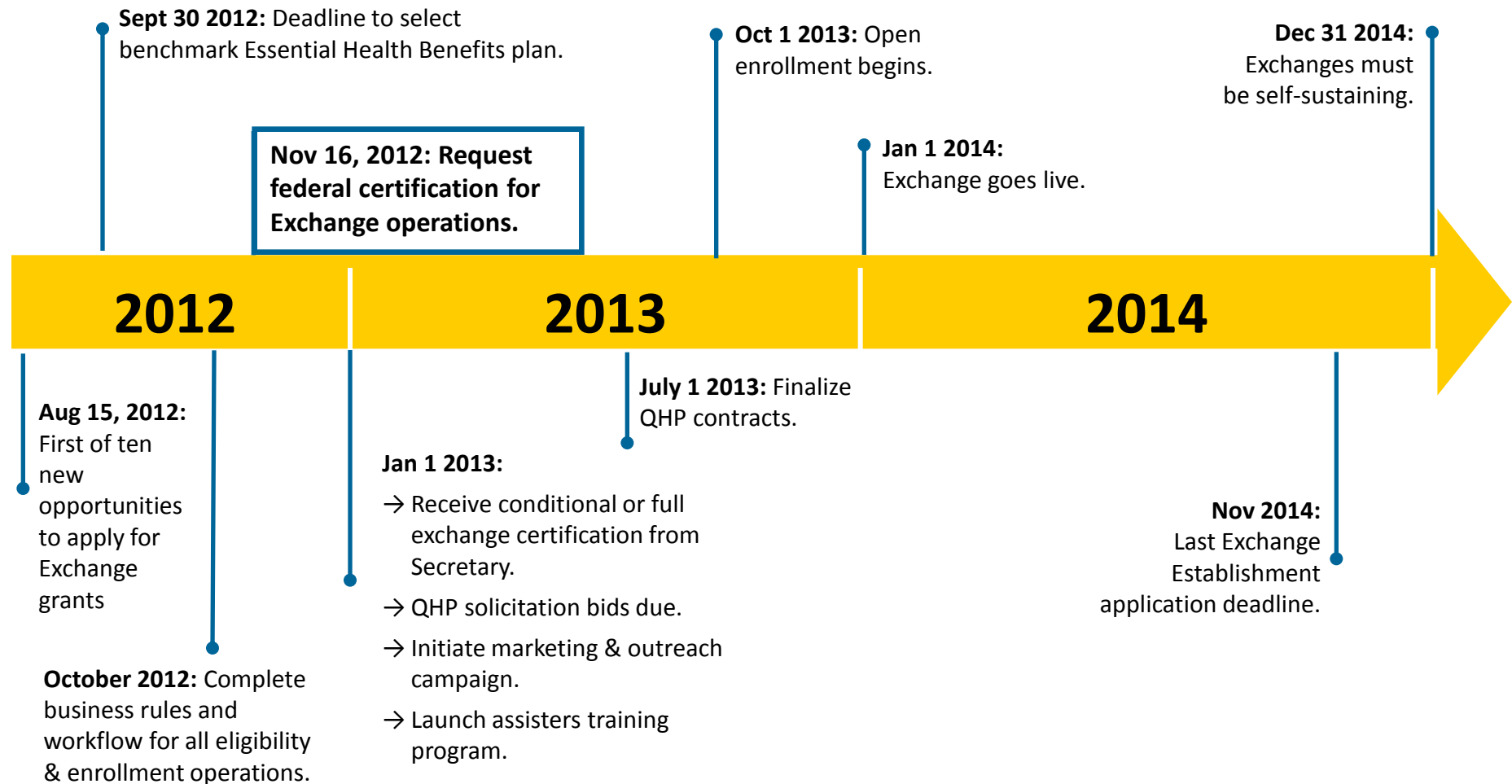
Community-Based Organizations: Continued partnership with existing community-based network



Call Center: Toll-Free Hotline operated through the Exchange to provide application assistance

The Road Ahead (October 2012-January 2014)

Timeline of Key Tasks: Much Work To Be Done



Implementation Milestones: 2012



- ☐ May – Oct Policy stakeholdering
 - ☐ Benchmark design
 - ☐ Churn/wholefamily coverage options
 - ☐ Optional program transitions
- ☐ Aug – Dec Operational stakeholdering
 - ☐ Application forms
 - ☐ Process for renewals
 - ☐ Quality assurance
 - ☐ Medicaid client letters
- ☐ Jun – Nov System detail design - MAGI Medicaid eligibility/enrollment
- ☐ Aug – Feb '13 System development & unit testing
- ☐ Sep-Nov Fiscal modeling for 2013-15 budget
- ☐ Nov Caseload Forecast Council official projections
- ☐ Dec Governor's 2013-15 budget

Implementation Milestones: 2013



- ☐ Jan – Mar Review of WAC revisions
- ☐ Jan – Apr Legislative session
- ☐ Jun Marketing and educations begins
- ☐ Feb – Aug System performance & operational readiness testing
- ☐ Sep CMS system certification
- ☐ Oct Exchange goes live
 - ☐ Exchange open enrollment
 - ☐ Medicaid applications accepted
- ☐ Oct – Dec Conversion of current Medicaid enrollees

Implementation Milestones: 2014



Jan 1 Medicaid expansion and Exchange coverage begin

We Need Your Input

- Let us know about confusion or gaps in your Medicaid expansion information
 - Contact us at: medicaidexpansion2014@hca.wa.gov
- Additional stakeholdering opportunities will be posted at: <http://www.hca.wa.gov/hcr/me/stakeholdering.html>
 - Planned October Webinars –
 - Process for Medicaid Renewals
 - Post Eligibility Reviews
 - Health Care Reform update
- Listserv under construction (currently over 1,100 names) – information coming soon
- Additional information available at: <http://www.hca.wa.gov/hcr/me>

Contacts for Complementary Work on Coverage Option

- **Office of the Insurance Commissioner**
- **Office of Financial Management**
- **The Exchange**

Key ACA Related Efforts by the Office of Insurance Commissioner

- Implementation and enforcement of insurance reforms and consumer protections
- Development of the reinsurance and risk adjustment programs – designed to:
 - Mitigate the risk of thousands of new enrollees entering the market for the first time
 - Stabilize insurance premiums
 - Ensure all Washingtonians, regardless of health status, have access to quality, affordable coverage
- Development of Essential Health Benefits – rule making in consultation with Exchange Board and HCA
 - Select state's largest small group plan by enrollment as the benchmark
 - Ensure all 10 EHBs included in a meaningful way with regard to scope and level of benefits
 - Ensure benefit design doesn't discriminate based on health status

Office of Insurance Commissioner

Contact Information

- For more information on insurance reforms and consumer protections:
 - Barbara Flye, BarbF@oic.wa.gov
 - <http://www.insurance.wa.gov/consumers/reform/health-reform-decision.shtml>
- For more information on reinsurance and risk adjustment rule making:
 - Barbara Flye, BarbF@oic.wa.gov
 - http://www.insurance.wa.gov/laws_regs/rules_laws_activity.shtml
- For more information on Essential Health Benefits rule making:
 - Meg Jones, MegJ@oic.wa.gov
 - http://www.insurance.wa.gov/laws_regs/rules_laws_activity.shtml

Research on Primary Care Providers Being Conducted by Office of Financial Management

- Results from a survey of primary care physicians show that:
 - About 90 percent of primary care physicians provide care for some patients covered by Medicaid.
 - Close to 80% of primary care physicians are accepting new patients
 - Only 30% of this group are not including Medicaid covered clients in their expansion plans
 - Just over 20% reported that all their new patients could be Medicaid covered.
- Sample reports available:
 - Characteristics and distribution of current primary care physicians
 - http://www.ofm.wa.gov/healthcare/deliverysystem/2011_PCP_survey_frequency_report.pdf
 - Availability of Primary Care Physicians to Serve the Medicaid Expansion
 - <http://www.ofm.wa.gov/researchbriefs/2012/brief065.pdf>
 - Primary care physician availability in non-urban areas (available upon request)

Complementary Regional Comparisons

Research Being Conducted by OFM

- Results show considerable differences in the health status of different communities and in the way health services are used. For example:
 - Hospitalization for preventable sepsis
 - <http://www.ofm.wa.gov/researchbriefs/2012/brief062.pdf>
 - Hospitalization and mortality related to tobacco use
 - <http://www.ofm.wa.gov/researchbriefs/2011/brief061.pdf>
 - Profiles of risk behaviors, inpatient utilization, and demographics
 - <http://www.ofm.wa.gov/researchbriefs/2011/brief059.pdf>
 - Obesity within the Empire Health Foundation region (available upon request)

To Learn More About the Exchange

- Contact: <http://www.hca.wa.gov/hbe>
- Includes information about:
 - Exchange Board
 - Legislation and grants
 - Policy discussion
 - TAC and stakeholder involvement
 - IT systems development
 - HHS guidance
 - Listserv registration

For Follow-up Information from the Health Care Authority

- Main HCA web-site: <http://www.hca.wa.gov/>
- For information on the Medicaid expansion:
<http://www.hca.wa.gov/hcr/me>
- To contact us on the Medicaid expansion:
medicaidexpansion2014@hca.wa.gov